

MARKET SUMMARY

Complete Recap of Today's Market Activity

Bonds Erase Most of The AM Losses

Market Summary: Tuesday, March 3, 2026 - 10:29PM

The bond market was visibly pulled in two directions on Tuesday. This played out in phases, with AM weakness followed by a gradual recovery. But it can also be assumed to be playing out at any given moment as bonds listen to the voices arguing in their own mind. One voice says yields need to go higher due to inflation expectations and Treasury issuance implications. The other says that Treasuries are still a global safe haven amid geopolitical uncertainty (and, to a lesser extent, that the sell-off through 9am this morning may have been a tad overdone). Looking at stocks vs bonds, it does indeed look like yesterday was more about inflation fears and new-month positioning while today was a **risk-off** move that started at the 9:30am NYSE open.

Market Movement Recap

- 08:48 AM Another overnight session with heavy selling. 10yr up 6.4bps at 4.099 and MBS down 9 ticks (.28).
- 10:58 AM decent recovery in 10am hour. MBS down less than a quarter point now and 10yr up only 3.3bps at 4.069
- 01:39 PM Recovery continues. MBS down only an eighth and 10yr up 1.6bps at 4.052
- 04:13 PM Off best levels heading into the close. MBS down 5 ticks (.16) and 10yr up 2.6bps at 4.062

Latest Video Analysis



Bonds Erase Most of The AM Losses



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UMBS 5.0	100.00	+0.01	10YR	4.062%	-0.006%	3/3/2026 10:28PM EST
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Heavy Overnight Selling But Inflation Narrative Remains in Doubt

Bonds sold off again overnight with 10yr yields now challenging the 4.10% technical level in early trading. MBS are down another 3/8ths, roughly. And there's stronger correlation with higher oil prices and rising bond yields. So in light of our contrarian take yesterday, are we now forced to acquiesce to the "higher inflation/higher rates" narrative? Not entirely. While there's no doubt that a certain contingent of smaller traders are drawing that conclusion, and while there's better evidence for it in some of today's charts, there remains a problematic reality in an even simpler chart. There's a tradeable security that measures market-based inflation expectations and it has shown almost no uptick in the past 2 days.

Smart analysts are calling out this oddity. Unfortunately, it doesn't do anything to help us explain the scope of the sell-off, but we strongly suspect Treasury issuance implications are a factor as they relate to military spending. Lastly, if we look at shorter-term TIPS, we can see slightly more inflation concern, but not enough to say "this is the main reason bonds are selling." That has us thinking about things like issuance implications from increased military spending.

Here are the charts showing how yesterday's correlations have reversed course today for stocks/bonds and oil/bonds.

Last but not least, this chart shows today's much more noticeable uptick in the implied Fed Funds Rate for the June meeting. In other words, rate cut odds evaporated more quickly today (although they have bounced back a bit since 6:30am ET).

-  **ALERT:** Down an Eighth From AM Highs
-  **MBS MORNING:** March Starts Sharply Weaker. Is it Iran?

Today's Mortgage Rates

30YR Fixed	6.13%	+0.01%	15YR Fixed	5.72%	+0.04%	3/3/2026
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Mortgage Rates Recover Moderately After Starting at 3-Week Highs

After spending the entirety of last week calmy holding the lowest levels in more than 3 years, jumped sharply higher yesterday. That said, everything's relative. Even after that "sharp" increase, the average rate was still one of the lowest in years apart from last week.

There was slightly more cause for concern this morning as the underlying bond market increasingly swooned. When bonds lost ground, rates move higher. But unlike yesterday, which involved pervasive gradual weakness throughout, today saw a meaningful recovery shortly after the market opened.

Bonds ended up making it almost all the way back to 'unchanged,' thus allowing most lenders to reissue revised rates that were slightly lower than this morning. The average lender didn't make it quite back to yesterday's latest levels, but the market movement offered an important proof of concept. Specifically, we're not necessarily destined to see a runaway rate spike in the coming days.

As always, there's an important caveat: we're not necessarily destined to see anything at all when it comes to the future of rate movement. Depending on the outcome of economic data, rates could continue higher or recover back toward recent lows. Geopolitical developments can continue adding volatility for better or worse. If there's one take away, it's simply that volatility risks are much more pronounced this week compared to the past 2 weeks.

Time	Event	Actual	Forecast	Prior
Tuesday, Mar 03				
9:55AM	Fed Williams Speech ☆			
10:10AM	Mar IBD economic optimism	47.5	50.1	48.8
11:55AM	Fed Kashkari Speech ☆			
6:00PM	Feb Total Vehicle Sales (ml)	15.8M	15.2M	14.9M
Wednesday, Mar 04				
7:00AM	Feb/27 MBA Refi Index			1432.9
7:00AM	Feb/27 MBA Purchase Index			149.7
7:00AM	Feb/27 Mortgage Market Index			340.2
8:15AM	Feb ADP jobs (k) ☆		50K	22K
9:45AM	Feb S&P Global Composite PMI ☆		52.3	53
9:45AM	Feb S&P Global Services PMI ☆		52.3	52.7
10:00AM	Feb ISM Services Employment ☆			50.3
10:00AM	Feb ISM Biz Activity ☆			57.4
10:00AM	Feb ISM Services Prices ☆			66.6
10:00AM	Feb ISM Services New Orders ☆			53.1
10:00AM	Feb ISM N-Mfg PMI ★★		53.5	53.8
10:30AM	Feb/27 Crude Oil Inventory (ml)		2.2M	15.989M
2:00PM	Fed Beige Book			

Recent Housing News

- Mortgage Demand Calm Before The Storm?
- Home Prices Still Rising, But Pace Remains Subdued
- New Home Sales Remain Near Recent Highs

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Mortgage Rates Set an Interesting Record This Week

Mortgage rates finished the week at their lowest levels since August 2022. In outright terms, this is far from the record lows, but rates set another kind of record. Volatility is a common negative side effect associated with rates hitting multi-year lows. For example, back on January 9th, the MND rate index briefly hit 5.99% before bouncing back to 6.06% later that same day, and 6.21...

Mortgage Calculators

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-  Loan Comparison
-  Advanced Loan Comparison
-  Early Payoff
-  Should I Refinance?
-  Rent vs. Buy
-  Blended Rate